

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 SSO-00 NSCE-00 INRE-00 USIE-00

CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

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FM AMEMBASSY LISBON

TOIRUEHC/SECSTATE WASHDC IMMEDIATE 4198

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY HOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION NATO

DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 5304

E.O. 11652: GDS

TAGS: PINT, PO

SUBJECT: STATUS OF NEW GOVERNMENT

REF: LISBON 5289 DTG 0 1741Z SEP 75

SUMMARY: NEW GOVERNMENT IS NOT LIKELY BEFORE THIS WEEKEND. SOCIALISTS, THE KEY TO THE NEW GOVERNMENT, DO NOT THINK MUCH OF AZEVEDO, BUT SEE NEW GOVERNMENT AS VEHICLE THAT WILL GET THEM TO THE VITAL NATIONAL ELECTIONS EARLY NEXT YEAR. GOVERNMENT WILL NOT BE TRUE COALITION; PARTY MEMBERS WILL PARTICIPATE AS INDIVIDUALS WITH PARTY BLESSING. PCP IS LIKELY TO GET ONE PORTFOLIO, WHICH SOCIALISTS DESCRIBE AS POISONED GIFT. END SUMMARY

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1. SCHEDULE: ALTHOUGH SEPT 11 IS THE DEADLINE FOR FORMATION

ON NEW GOVERNMENT, SUCH DEADLINES IN PAST HAVE MEANT NOTHING. EMBASSY SOURCES NOW SUGGEST THAT THE END OF THIS WEEK IS MORE REALISTIC. AZEVEDO MET YESTERDAY WITH CDS AND THE INSIGNIFICANT PPM AND UDP. HE WILL MEET SEPT 11 WITH SOARES. SOURCE CLOSE TO SOARES TOLD US LAST NIGHT THAT QUESTION OF WHO WILL HOLD POSTS IN NEW GOVERNMENT WAS STILL VERY MUCH UP IN THE AIR.

2. SOCIALIST APPROACH: SOCIALISTS, WHOSE PARTICIPATION EVEN MILITARY NOW RECOGNIZE AS KEY TO NEW GOVERNMENT, SEE THE SIXTH GOVERNMENT AS A DEVICE TO GET THEM THROUGH TO THE GENERAL ELECTIONS, WHICH THEY HOPE TO SEE HELD EARLY NEXT YEAR. PS IS CONFIDENT OF ITS ELECTORAL SUPPORT AND CLAIMS LATEST POLLS SHOW THEM GETTING CLOSE TO 50 PERCENT WITH COMMUNISTS LESS THAN TEN. SOCIALISTS THEN EXPECT SOARES TO BE PRIME MINISTER OF A GOVERNMENT ENJOYING FULL FLEDGED LEGITIMACY DERIVED FROM THE ELECTIONS.

3. AZEVEDO: SOCIALISTS HAVE NO CONFIDENCE IN AZEVEDO WHO HAS IN THE COURSE OF THE NEGOTIATIONS MADE SOME INCREDIBLE STATEMENTS -- FOR EXAMPLE, THE PREVIOUSLY REPORTED THREAT TO THROW SOARES IN JAIL. THEY ESPECIALLY DO NOT FEEL THAT AZEVEDO WILL BE ABLE TO HANDLE THE ECONOMIC PROBLEM. FOR THIS REASON THE SOCIALISTS, WHILE WILLING TO HAVE PS MEMBERS PARTICIPATE AS INDIVIDUALS WITH THE PARTIES' BLESSING DO NOT INTEND TO ENTER A COALITION GOVERN-

MENT. FURTHERMORE, THEY WILL KEEP SOARES OUT SO AS NOT TO TAG HIM WITH RESPONSIBILITY FOR THE ECONOMIC DIFFICULTIES THEY EXPECT NEW GOVERNMENT TO FACE. IT IS POSSIBLE THAT ZENHA WILL STAY OUT FOR THE SAME REASON. ALTHOUGH THEY DON'T WANT TO TAG THE PARTY WITH FULL RESPONSIBILITY, SOCIALISTS DO WANT TO BE COOPERATIVE WITH NEW GOVERNMENT AND DEMONSTRATE THAT THEY CAN TURN ON THE EUROPEAN MONEY TAP. THEY ARE ASKING THAT EXTERNAL COOPERATION ROLE BE GIVEN JORGE CAMPINOS, THE MAN THEY FEEL CAN BE MOST EFFECTIVE WITH THE EUROPEANS.

4. PCP PARTICIPATION: GENERAL FEELING HERE IS THAT PCP WILL JOIN GOVERNMENT DESPITE ITS UNHAPPINESS AT PRESENCE OF THE PPD. COMMUNISTS ARE EXPECTED TO GET THE TRANSPORTATION PORTFOLIO. PS FEELS TRANSPORTATION IS POISONED GIFT BECAUSE FARES WILL SOON HAVE TO BE RAISED, SOCIALISTS HAVE STRONG

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SUPPORT IN THE UNIONS IN THAT SECTOR, AND PS IS INSISTING ON THE TWO SECRETARY OF STATE POSITIONS. SOCIALISTS WANT PCP TO BE IN GOVERNMENT TO SHARE SOME OF THE BLAME FOR THE ANTICIPATED ECONOMIC DIFFICULTIES. WE HAVE HEARD FROM ONE SOURCE THAT PRESIDENT PLANS TO USE COMMUNIST THREAT AS DEVICE TO REINFORCE HIS AUTHORITY. IF THIS IS TRUE, IT IS VERY PROBABLE THAT HE IS INSISTING ON COMMUNIST PRESENCE IN NEW GOVERNMENT.

5. COMMENT: IT IS CLEAR THAT SOCIALISTS HAVE REALISTIC VIEW OF
THE LIMITED POSSIBILITIES OF A NEW GOVERNMENT HEADED BY AZEVEDO.
NEVERTHELESS, THEY ARE DETERMINED TO MAKE THE MOST OF THE SHIFT BY THE

ARMED FORCES MOVEMENT TOWARDS THE DEMOCRATIC PARTIES.
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